

Report of the Commissioner of Pensions.

DEPARTMENT OF THE INTERIOR,
PENSION OFFICE,
Washington, D. C., October 15, 1877.

SIR: In submitting a report of the transactions of this bureau for the year ending June 30, 1877, I desire to invite your attention:

First.

To Table I, hereto annexed. More cases by 24 1/2 per cent. were adjudicated during the fiscal year than in the year preceding, and yet the number of pending claims of all classes increased 2,471. The number of original claims was increased by 7,119, and the number of claims for increase of pension was reduced by 4,139.

On the 30th of June last there were pending \$4,853 original claims, and 6,883 increase claims, a total of 91,444. Besides these, there are more than 61,000 rejected claims, many of which are liable to be reopened and re-examined; 1,932 were reopened during the past year. These unsettled claims have been accumulating since 1862. Not less than 15,000 of them were filed prior to January 1, 1870. The delay in the settlement of claims has caused great complaint, and in many cases has worked hardship and injustice to a class of persons whose claims should be promptly settled.

I took occasion in my last annual report to call attention to this matter, pointing out some defects in the system of adjudicating the claims, and recommending as a remedy a change of the system. As it affects alike the claimants, the pensioners, and the Government, the importance of the subject is so great that I reproduce here the portions of that report bearing most directly upon the points involved:

"While in a class of cases in which the main facts were matter of record, or were openly to be seen by any person whose attention might be called to the subject, as was the fact with a large proportion of those filed during and for several years subsequent to the war, the present system of adjudication may have been regarded as effective, yet, after a careful study of the subject, I am convinced that it is radically defective and deficient when applied to cases involving obscure questions of fact and of medical science, as was the case with some of the early claims, and is with most of those of later years.

"It provides for the settlement of claims upon *ex-parte* testimony exclusively, given by witnesses who are entirely unknown to the office, and whose affidavits are almost universally prepared by claim-agents who can receive no compensation for their services unless the claim is allowed. Moreover, the examining surgeon who certifies to the existence, character, and degree of disability is, usually, the neighborhood practitioner, whose professional interest it is to please the claimant at the expense of the Government. So not only is the door thrown wide open for the perpetration of fraud and deception, but every interest connected with the preparation of the case for adjudication—the claimant, his attorney, and the examining surgeon—is adverse to the Government. A mere statement of the substance and character of the present system would, it would seem, be enough to condemn it for the class of cases we now have, without any statement of its practical workings as known to the office.

"It is not thought that absolute justice will be attainable in all cases, whatever the character of the system may be; but common sense and common experience justify the belief that a system reasonably calculated to elicit a fair and impartial presentation of the existing facts in the various cases will better subserve the ends of justice and of honest claimants than one of an opposite character.

"A system should be adopted which will give to the Government an opportunity to closely question both the claimant and his principal witnesses, and secure medical examinations by skilled surgeons who have no interest adverse to the Government.

"The most simple and efficient, and at the same time economical, plan which I am able to suggest is as follows: Divide the country into districts of such size, considering both the territory and population, as that one surgeon devoting his whole time to the duties would generally be able to make all the medical examinations in any district which the pension laws might require. Appoint as many highly-qualified surgeons as there are districts, with a reasonable annual salary, all to be under the direction of the Commissioner of Pensions; one surgeon to be assigned to each district, subject to be ordered from place to place within the district, and to be changed about from one district to another as the emergencies of the service might require. One competent clerk should be sent to each district to act in conjunction with the surgeon, or separately, as his duties and the regulations of the Commissioner of Pensions should from time to time require. These two should constitute a commission on behalf of the Government to make the required medical examinations in any case, and to receive the parol testimony offered in its support; and to that end the claimant, with his principal witnesses, should appear before them and submit themselves to cross-examination on behalf of the Government. If a material witness resides in another district, his testimony should be taken by the commission of that district and forwarded to the commission having the case in hand. When the claimant has furnished all the proof he desires to furnish, and submitted to such examinations as are required, the whole case to be transmitted to the office for final settlement.

"This commission may be generally charged with the special investigations in the district.

"In case it should be found that work was accumulating in any district faster than the regular commission could dispose of it, a clerk could be detailed from the office for a limited period to aid in bringing it up.

"This plan is simple, and its methods and details equally simple and direct.

"When an application for a pension is received at the office, copies of the records from the Adjutant-General's and Surgeon-General's offices bearing on the case would be obtained, and, together with the application, forwarded to the commission of the district where the claimant resides. He will at the same time be notified that the case is ready to be proceeded with, and to present himself with his witnesses to the commission for examination.

"The principle upon which this plan is grounded is universally adopted in civilized communities for the settlement of doubtful or contested questions of fact, and the plan itself is not entirely new; at most, it is but the application of an old plan to a new class of cases. It is suggested by ancient precedents, as well as by the modern practice of the courts, both of law and equity, in referring cases to a master or referee to take and report testimony.

"The present plan of adjudication was probably as efficient as any that could have been devised for all that great class of cases which came forward during, and for a few years subsequent to, the war of the rebellion, which rested upon wounds, or upon a disease or disability, on account of which the soldier was discharged from service. Such disabilities were open to the public, and the proof was reliable and quickly and easily produced.

"In this connection I invite your attention to Table VII of my annual report. You will note that in the four years ending June 30, 1877, the office settled and allowed 156,317 pensions, an annual average of 41,574, when its force did but slightly exceed one-half its strength in 1875; whereas in the four years ending June 30, 1875, with nearly double the force employed, but 47,638 cases were settled and allowed, an annual average of 11,914.

"It is to be remarked that the work connected with the increase of pensions was considerable during the latter period, whereas there was scarcely any in the earlier years named, which will in part only account for the difference in results.

"The comparisons of the results of the work in the office with the force employed at the several periods constitute, perhaps, the most conclusive statement which can be furnished in demonstration both of the efficiency of the present system for the adjudication of the early war-of-rebellion claims, as well as of the necessity which now exists to alter the system to meet the circumstances of the claims which have accumulated and those which are now arising.

"One consequence of the proposed change is of the utmost concern to the claimants.

"Under the proposed system the claimant has it in his own hands, by his promptness in complying with the office requirements, and by his diligence in furnishing his testimony to the commission, to secure a speedy settlement of his claim, and avoid many annoying delays which he has now necessarily to submit to in the preparation of his case.

"The medical examinations and judgments in cases are the most difficult as well as the most important branch of the adjudications of the present day.

"Correct adjudications can be secured only by placing in the hands of a skillful surgeon exact knowledge of the history of the case involved. The proposed system would do this, while the best attainable practice under the present system signally fails in accomplishing it.

"In a very able and exhaustive paper touching the medical examinations, Dr. T. D. Hood, the medical referee of this bureau, among other things says:

"In a large proportion of cases it has been extremely difficult

impossible to secure such reports as would permit even an approach to intelligent adjustment of claims.

"I do not believe it is possible to do more to instruct the surgeons than has already been done.

"It is comparatively rare that claim is now made for a disability contracted in service; it is a question of sequels to disabilities incurred in service.

"It is therefore essential to any approximation to intelligent action that we have skilled, trained surgeons. But if it were possible to secure experienced and skilled surgeons, and to hold them, there would remain the fact that they would be so under local influence as to prejudice their reports in favor of claimants.

"There is in my opinion but one way to escape this difficulty, and that is the employment of surgeons whose relation to the Pension Office shall be what the relation of the Army surgeon is to the Surgeon-General's Office."

In this connection I invite attention to Table XI, giving the results of the biennial examinations which took place last month, under section 4711 Revised Statutes, in sixteen of the eighteen of the agency districts. New Orleans has not reported because of the suspension of Agent Isabelle, and the figures given for Philadelphia are omitted from the calculation because that agency has not furnished a statement of the number of examinations which took place.

It will be seen that the number of pensioners whose pensions are reduced, and the number dropped from the roll either permanently or temporarily, is comparatively small; and the reductions and droppings from the rolls aggregate only \$5,047.63 per month, or a total of \$143,143.12 for two years. The surgeon's fees, \$2 each for examinations by single surgeons, and \$3 for board examinations, is estimated to be not less than \$138,000.

It has been the case that pensioners whose names were dropped from the roll, or whose pensions were reduced in rate on a biennial examination, would apply for increase or restoration as the case might be, and a very great proportion succeed in securing their claims, and thus reverse the action of the surgeons in reducing or dropping. It is presumed that such will be the case now, so that the result will be that the reductions and droppings on the biennial examinations will not only cost more in fees than they return to the Government, but also entail a great expense for the readjustment of the cases.

Under the present system we had on the 30th of June last a corps of examining surgeons numbering 1,578 scattered throughout the country, and the number remained about the same in September.

It is now known to the office that some of these surgeons used their commissions more to serve their private interests than to serve the public, by seeking to draw to themselves, through advertisement and other means, for examination, as many pensioners as possible, and there is reason to believe that even greater abuses have been practiced in a great number of instances.

After consultation with you it was decided to make a partial test of the medical and surgical examinations by causing five hundred pensioners to be examined by a reliable surgeon entirely removed from the influences which were supposed to affect the opinions and judgments of the examining surgeons. Accordingly, early in May last I placed in the hands of Dr. Almon Clarke, of Wisconsin, known to me to be of high professional and personal character, who had been an Army surgeon, and had also been an examining surgeon of the bureau for several years, a list of all the invalid pensioners, both those who were and those who were not exempted from biennial examinations, who were known to the office to be residents in the counties of Wayne and Chautauque, New York, Wayne and Montgomery, Indiana, Calhoun, Michigan, and Ashtabula, Ohio, with instructions to make careful examinations in each case as to all disabilities of which the pensioner complained. He was instructed to, and reports that he did, rate the disabilities without any knowledge of the rate of pension which had before been allowed by the office.

He found and examined 491 pensioners, and his rating reduced their monthly pay, in gross, \$701, or \$16,324 for two years.

The average gain to the Government for two years on the biennial examinations was \$2.33 per pensioner examined. The average reduction of rates for two years upon the examination of Dr. Clarke was \$34.26 per pensioner examined.

Of the 491 pensioners examined by Dr. Clarke he recommended that 23 should be dropped from the rolls and the rates of 179 reduced.

After making all reasonable allowance for difference of opinion in the cases examined, there will be left a very large margin which cannot be accounted for upon any reasonable ground, except that the examinations made by the examining surgeons are unreliable.

From all I have been able to learn I am irresistibly led to the conclusion that the present plan of making medical and surgical examinations and rating the pensions by practicing physicians who receive a small fee for each examination, should be supplanted by a system which will employ for this service good surgeons at an ample salary to enable them to devote their entire attention to the duties of their offices.

The necessity for a change of the system for adjudicating pension claims and making biennial examinations is pressing:

1st. To secure a prompt and just settlement of claims; and

2d. To secure a rating of the pensioner's disabilities which will be just to him as well as to the Government.

It may be safely stated that the proposed system will not be more expensive than the present, and it is believed that it will be much less expensive and would operate to save to the Government many hundreds of thousands of dollars per annum, which are now paid out in excessive pensions, and to persons entitled to no pension.

Added to the delays usually incident to the settlement of claims in the Pension Bureau is the fact that it now takes fourteen months, in the usual course, to get answers to calls made upon the Surgeon-General. The following extract from a communication addressed to me by that officer on the 9th instant will most clearly present the matter to you:

"In reply to your communication of October 6, I have the honor to state that the number of calls made by you for information in pension cases, which this morning remained unanswered in the record and pension division of this office, was 15,309; but besides these, 2,197 similar calls made by the Adjutant-General of the Army, for the most part to enable him to give satisfactory replies to calls made by you, also remain unanswered this morning. So that the total number of unanswered calls of the two kinds is 18,506.

"The searches are working to-day on calls made fourteen months ago. So that the business of this division of the office may be said to be just fourteen months behindhand."

This condition of affairs is owing to a lack of force at the command of the Surgeon-General.

Second.

AMENDMENT OF STATUTES.

I respectfully recommend the following changes in certain sections of the Revised Statutes:

1. Section 4695, and all pension statutes passed since July 16, 1862, fail to provide a pension for a lieutenant-commander, which grade of officer in the Navy was created by an act passed on the above date. This rank is of the same grade as lieutenant-commanding. As the law now stands, their pension for total disability is only eight dollars per month, while the lieutenant-commanding receives thirty dollars per month. The law should be altered so as to provide for the lieutenant-commanders from July 16, 1862.

2. Section 4702. It has been found that many widows conceal from the Government the fact of their remarriage and continue to draw the pension after such remarriage. When finally the remarriage is discovered and the widow dropped from the rolls, the children come in and claim the pension from the date of marriage, notwithstanding they have lived with and been supported by the mother the whole time. In this way the Government is compelled in many cases to pay the pension twice over the same period. It is recommended that a proviso be added to this section commencing the pension to the children at the date of the last payment to the mother.

3. Section 4717. As now executed in the War Office, this section is working very great hardship upon many claimants. The following is the rule of action adopted by that office:

Under instructions from the Secretary of War, the Adjutant-General has no authority to substitute for the records committed to him to preserve, others made up of outside testimony which he has no means of testing. He will always furnish the Commissioner of Pensions with all the information to be found in the archives of the War Department which can aid in determining the validity of a claim. Beyond this he has no power to go.

In my opinion, such legislation should be had as will either relieve the claimants from the limitation of this statute, or enable them to obtain a consideration of the testimony offered by them in relation to the records in the office of the Adjutant-General, and the transactions to which they relate.

That the records of that office, relating to that great volunteer army which lately did such brave service for the country, are not only very imperfect and incorrect in detail, but in many cases brand honorable and gallant men with dishonor and cowardice, is well known to all who have had occasion to examine into them.

In my judgment, records which are so often found incorrect and imperfect ought not to be permitted to stand in the way of persons presenting claims for pension on account of disabilities or death incurred in the service of the country.

4. Sections 4708, 4709, and 4785. Under these statutes it is the duty

of the Commissioner of Pensions to review the fee contracts made between the claimant and the claim-agent, and determine the amount which shall be paid the agent notwithstanding the contract. This duty is one which it is impossible to perform satisfactorily and equitably, as will be readily understood by all who have a knowledge of pension claims. It is recommended that these sections be so amended as to take from the Commissioner the discretion vested in him to fix the amount of fee to be paid.

Third.

REORGANIZATION.

When I came into office, March 31, 1876, the Commissioner and chief clerk, with a few other clerks, had their office-room in the Patent Office building. The balance of the force, under the immediate charge of a deputy commissioner, was located in the Seaton House and three adjacent buildings, several blocks from the Commissioner and chief clerk, which were wholly unfitted for the bureau's use, being cut up into small rooms, and not fire-proof.

The office force was divided into eleven separate divisions, to wit, Invalid Division, Widows' Division, 1812 Division, Bounty-Land Division, Medical Division, Finance Division, Certificate Division, Mail Division, Special-Service Division, Board of Review, and Board of Appeals.

It was very early discovered that the separation of the Commissioner and chief clerk from the main force of the office, and the organization with so great a number of divisions, operated greatly to embarrass and retard the transaction of business, and the objectionable character of the office added not a little to the other difficulties.

Steps were at once taken to improve the situation. The Commissioner and chief clerk moved to the Seaton House, and took personal charge of the bureau. Unnecessary divisions were abolished, and the clerks assigned to the remaining divisions, and much unnecessary machinery dispensed with, while Congress was urged to, and did, provide for the leasing of a better building, for an office, which was occupied by the bureau on the 15th of September, 1876.

The reorganization of the office was effected gradually, and was not regarded as complete until the 15th of November, 1876. Little progress was made prior to the 30th of June, 1876, (the first three months,) and therefore the subject was not referred to in my last annual report, but left to be taken up when the reorganization should be completed and the new organization fairly tried.

The office is reorganized upon the basis of three adjudicating divisions, with jurisdiction as follows:

1. The Invalid Division adjudicates all invalid Army pension claims for service since the commencement of the war of the rebellion.

2. The Widows' Division adjudicates all Army claims of widows, minor children, and dependent relatives for service since the commencement of the war of the rebellion.

3. The Old War, Navy, and Bounty-Land Division adjudicates all claims for Army pension on account of service previous to the war of the rebellion, all claims for Navy pension, of whatever date the service, and all claims for bounty-land warrants.

There are three other divisions, as follows:

1. The Division of Records and Accounts has charge of the issue of pension certificates, and of all roll-books and records pertaining to admitted cases, the correspondence with the agents for the payment of pensions, and all matters relating to their accounts of which the Interior Department has jurisdiction, and the accounts of pension examining surgeons.

2. The Mail Division (a branch of the chief clerk's office), has charge of the incoming and outgoing mails.

3. The Special Service Division has charge of all investigations of suspected frauds, and of all matters pertaining to claim-agents and pension notaries.

The Medical Referee has general supervision of the medical questions, the rating of pensioners, and of the appointment of pension examining surgeons.

The Appeal Clerk has charge of the appeals from the Commissioner to the Secretary of the Interior and other miscellaneous matter.

No other demonstration is needed of the propriety of the reorganization than the statement that during the fiscal year ending June 30, 1877, the Bureau, with the force reduced 16 per cent., adjudicated upwards of 24 per cent. more claims than were adjudicated and settled during the previous year, notwithstanding the loss of time consumed in transferring the Bureau from its old to the new office, and the distractions incident to the presidential campaign and the subsequent count of the vote.

This excess of the number of claims settled the present year over the number settled the last year does not by any means represent the full increase of work accomplished. The work which was very much behind-hand has been brought up nearly to date.

The deputy commissioner was dispensed with, in accordance with a special recommendation which I had the honor to make to your predecessor on the 31 day of January, 1877.

At the same time I recommended the repeal of the law creating that office, upon the ground that the Commissioner and chief clerk having joined the main force of the office, and taken personal supervision thereof, all necessity for the office of deputy commissioner had ceased. I have the honor to renew that recommendation.

Too much credit cannot be accorded to the clerks employed in this Bureau, particularly to the chief clerk and division chiefs for the part they have taken in the reorganization. Without their intelligent advice and cheerful aid the reorganization would have been impossible.

The clerks and employees of the Bureau since my connection with it have generally been industrious—many of them working over hours—and have observed that degree of discipline necessary to be maintained among so many persons employed together.

Attention is invited to Table IX, showing the operations of the office under the provisions of section 4744 R. S. Only \$40,022.73 of the \$50,000 appropriated was expended. The failure to expend the balance in the work, of which we have plenty, was partly attributable to the late passage of the appropriation bill, and partly to the fact that the condition of the office-work would not justify the withdrawal from the office for the special service of a greater number of clerks than were detailed.

In addition to the money saved to the Government and to pensioners by these operations, many offenders against the laws have been brought to justice, and many unscrupulous claim-agents have been suspended or debarred from practice. The results altogether do great credit to that branch of the service.

Fourth.

PENSION-AGENCIES.

On the 7th of May an order was issued by the President, which was afterwards modified as to the location of two of the agencies, by which the number of the agencies for the payment of pensions was reduced from 58 to 18, by consolidating seven agencies in Maine, New Hampshire, and Vermont into one agency at Concord, N. H.; four agencies in Massachusetts, Connecticut, and Rhode Island into one agency at Boston, Mass.; four agencies in New York into two agencies, one at the city of New York and one at Canandaigua; three agencies in Pennsylvania into two agencies, one at Philadelphia and one at Pittsburgh; four agencies in New Jersey, Delaware, Maryland, and District of Columbia into one agency at Washington; five agencies in Virginia, West Virginia, Tennessee, and North Carolina into one agency at Knoxville, Tenn.; two agencies in Kentucky into one agency at Louisville; three agencies in Arkansas, Mississippi, and Louisiana into one agency at New Orleans; three agencies in Indiana into one agency at Indianapolis; four agencies in Illinois into one agency at Chicago; four agencies in Wisconsin and Minnesota into one agency at Milwaukee; two agencies in Michigan into one at Detroit; four agencies in Iowa and Nebraska into one agency at Des Moines; four agencies in Missouri, Kansas, and New Mexico into one agency at Saint Louis; two agencies in California and Oregon into one agency at San Francisco; and three agencies in Ohio into one at Columbus, the consolidation to take effect July 1, 1877.

The importance of this measure, added to the fact that all the preliminary steps were of necessity taken prior to July 1, makes its progress and present condition proper subjects to enter into this report; and accordingly I submit the following:

On the 9th of May a letter transmitting the Executive order was addressed to each of the agents whose agencies were to be discontinued, containing a paragraph of instructions, as follows:

"You will please so conduct the business of your agency henceforward, to and including June 30, that you will be able to make up final reports and statements, and transfer to the agent at (the consolidated agency) the books, papers, rolls, records, files, and all other property and things whatsoever in your possession as pension agent at (the discontinued agency) and belonging to the Government, with as little delay as possible after that date."

On the 14th of June a letter was addressed to the agent at the seat of each of the consolidated agencies instructing them, in general, as follows:

That the transfer of the pensioners from the discontinued agencies consolidated with their own agency would be effected by the transfer of the rolls, records, &c., pertaining to the discontinued agencies. That they should visit each of the discontinued agencies of their respective districts, and receive from the agents the records, rolls, and Government property.

This letter also required the agents of the consolidated agencies to execute new bonds, the sureties justifying upon unnumbered real estate, (this is a new feature in the bonds of pension agents,